

A House subcommittee considered a slate of Republican-backed bills aimed at the broken U.S. housing finance system as lawmakers said Congress was far from devising a coherent plan to overhaul Fannie Mae and Freddie Mac.

The panel prepared to approve six bills later today, which would bring to 14 the number of measures dealing with the mortgage system pushed through by Representative Scott Garrett, a New Jersey Republican and chairman of the subcommittee on capital markets and government-sponsored enterprises.

Republicans on the full Financial Services Committee have split in their approach to Fannie Mae and Freddie Mac, which have drawn about \$130 billion in taxpayer support since they were seized by the government in September 2008. One faction, led by Garrett and Representative Jeb Hensarling of Texas, backs the elimination of any government role in mortgage finance. Another group, including California Representatives Gary Miller and John Campbell, favors separate approaches preserving some federal backing for residential home loans.

“We would like a comprehensive bill,” Representative Spencer Bachus, the Alabama Republican and Financial Services chairman, said during the debate. “Now, can we get a comprehensive bill? I don’t know, I don’t think so.”

Representative Maxine Waters of California, the senior Democrat on the subcommittee, said the problem was illustrated by the sheer number of measures being introduced.

### *‘Piecemeal Bills’*

“It’s becoming clear to me that the majority is putting forth these piecemeal bills because they are split on how to approach comprehensive reform,” Waters said.

Among the bills considered by the subcommittee today were those that would cap the amount Fannie and Freddie can receive from the government and another that would require the companies to reduce their portfolios.

**Campbell**, who introduced a bill with Michigan Democrat Gary Peters that would replace the government's guarantee behind housing bonds with a system of privately run associations, joined with Democrats in criticizing the subcommittee's approach.

**"I don't think we should be doing this today. Until we have a replacement mechanism in process at least, we are threatening this economy," Campbell said. "This hearing and these bills are a mistake and I think they are out of order."**

### *Treasury Dividends*

Washington-based Fannie Mae and Freddie Mac of McLean, Virginia, were put under government control when failing subprime loans took them to the brink of insolvency. The Treasury told investors the U.S. would make good on the companies' debt and promised the firms an unlimited line of credit. As of the first quarter, the firms had drawn about \$160 billion and paid \$26 billion in dividends back to the Treasury.

The political split over the firms' future comes as housing industry groups including the National Association of Realtors and the National Association of Homebuilders flood Capitol Hill to lobby for preserving government support for home lending.

The pace of the process has been set by President Barack Obama's administration, which asked Republicans to move slowly while government officials work on a comprehensive proposal for Fannie Mae and Freddie Mac, Bachus said.

The Treasury in February released a 31-page outline of possible paths for the wind-down of Fannie Mae and Freddie Mac. Garrett and Bachus, at the time of the release, issued statements saying they would work with the administration on crafting legislation.

### *Meeting with Geithner*

The Republican leadership of the Financial Services Committee met with Treasury Secretary Timothy F. Geithner and Housing and Urban Development Secretary Shaun Donovan in April, when the administration officials asked for a few more months to come up with a plan, Bachus said. He added that the administration, which is in the midst of last-minute negotiations to increase the debt ceiling, is running out of time to work with the Republicans.

“If they want to bring forth a comprehensive proposal, they’ve got two or three more weeks to do it,” Bachus said.

Representative Barney Frank, a Massachusetts Democrat and former chairman of the full committee, chided the Republicans for not moving the bills further along, at one point asking for Republicans to explain “the extraordinary incompetence and incoherence in this committee.”

Garrett said that lawmakers have been pushing over the past three months for a way forward on legislation.

“As we can see, it is not a simple problem to solve,” said Garrett.